

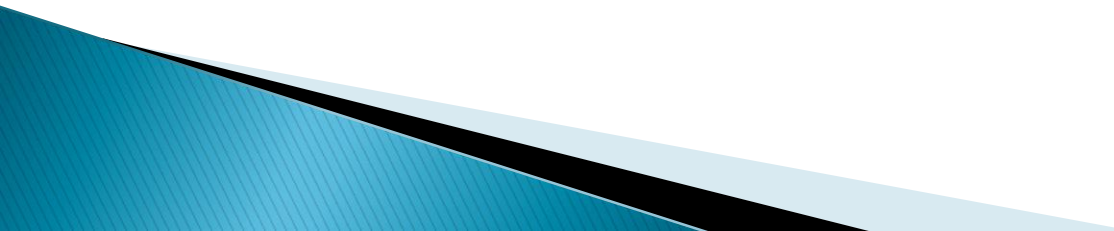
Policy Shifts in Financing Higher Education in Nepal

By

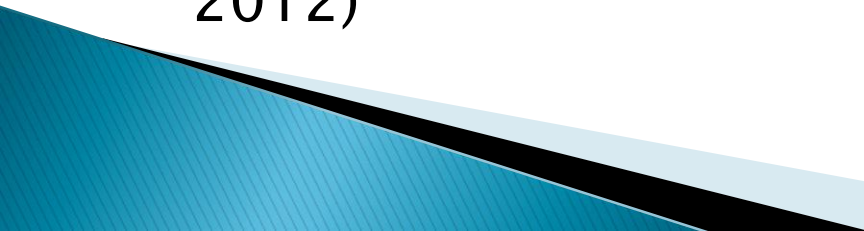
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Background

- ▶ Human capital is one of the major determinants of national development and economic competitiveness.
 - ▶ Technological advancement has driven up the demand for skills and knowledge. Such skills and knowledge are transferred to humans through education. If the education system of the country is strong, development is ascertained.
 - ▶ To compete internationally, countries need mass high-quality system of tertiary education that is responsible for the production of human capital needed for the national development.
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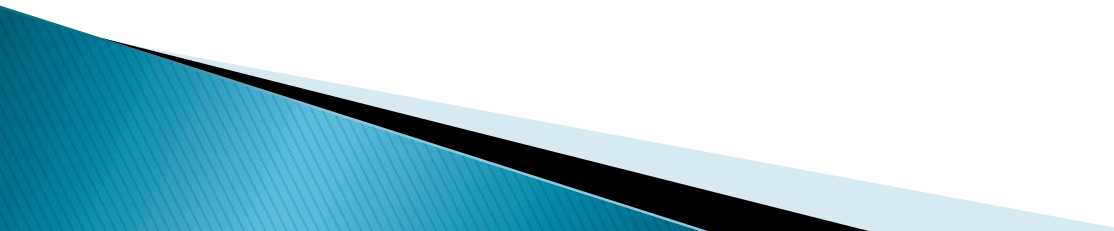
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- ▶ Nepal as one of the countries to compete in the international market, it has to enhance the quality of higher education (HE).
 - ▶ Higher education matters because knowledge for its own sake is important. It also matters for national economic performance and individual life chances (Barr, 2010)
 - ▶ The huge investment in education; both school education and higher education has always been questioned and skepticisms for its quality are widespread.
 - ▶ Higher education is widely accepted as a leading instrument for promoting economic growth, reducing poverty and human capital development (Acharya, 2012)
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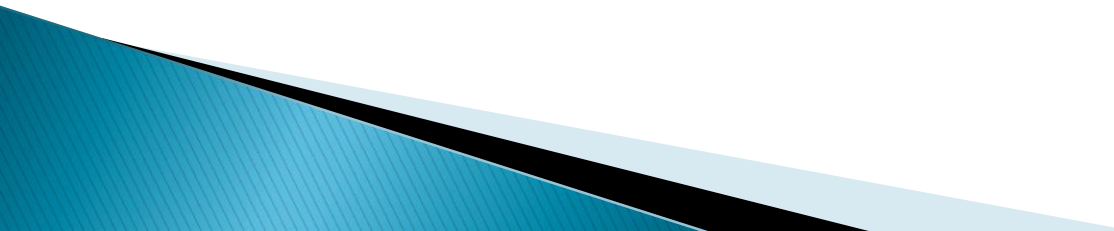
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- ▶ To address this, a visionary plan for logical investment is necessary.
- ▶ Opportunities for higher education have been expanded either by increasing the intake capacities of institutions of higher education or by opening more such institutions or by adopting both measures, and thus requiring huge increment of scarce national resources to be allocated to the educational sector. (Pradhan, 1981)
- ▶ As financing is one of the necessary conditions for quality higher education, there must be visionary plans for making investments.

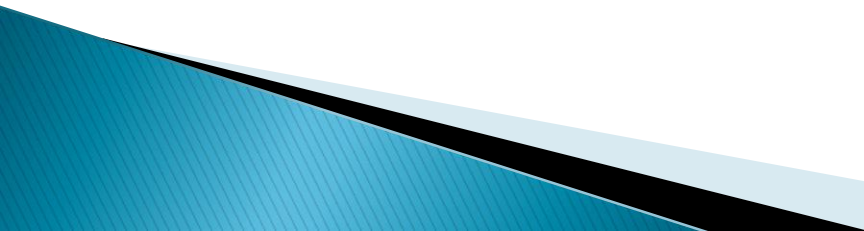
Statement of problem

- ▶ Higher education is one of the platforms for producing human resource. The state commitment to improve and ascertain the quality education but the failure to implement them has been a challenge.
 - ▶ Tribhuvan University(TU) which bears more than 90% share of HE has been facing financial crisis.
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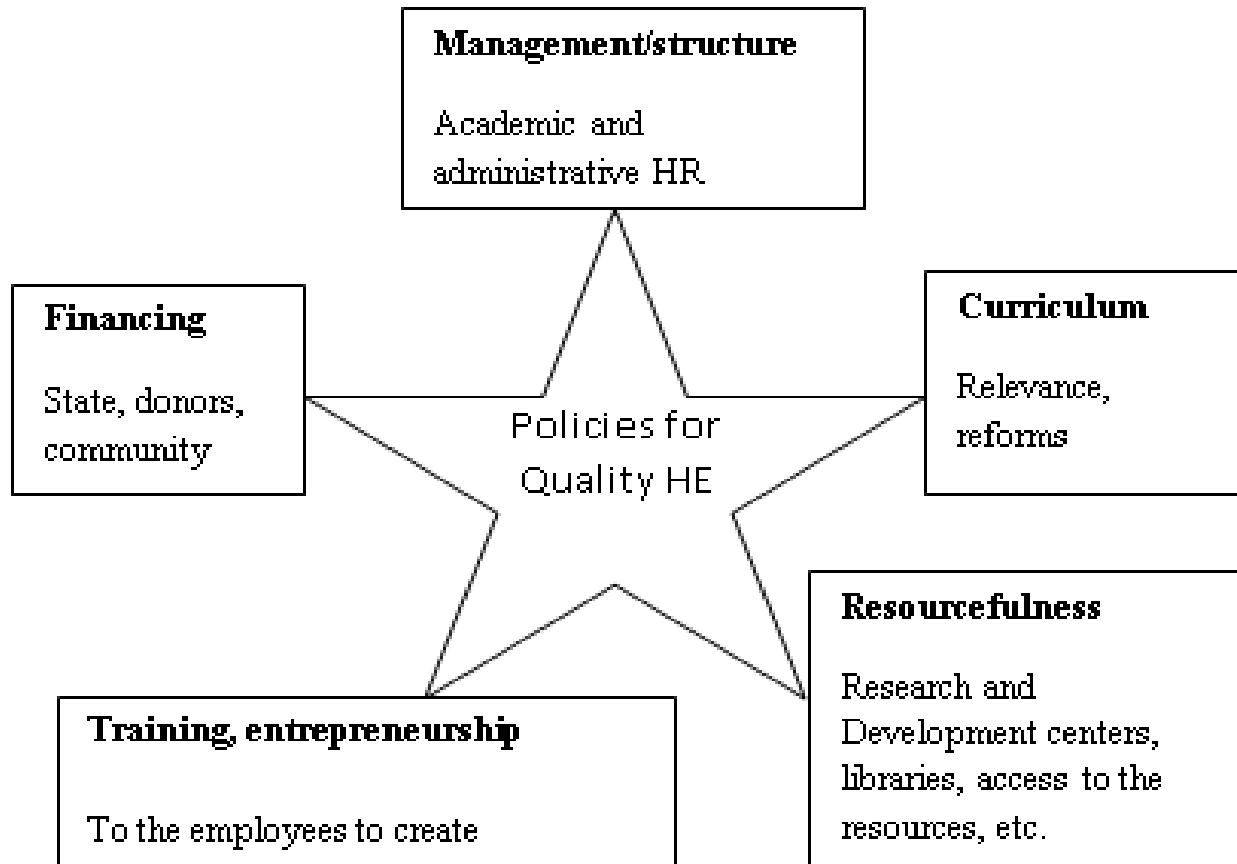
Objectives of the study

- ▶ To analyze the policy shifts in financing higher education envisioned by various commissions for education in Nepal
 - ▶ To analyze the trend of funding for Tribhuvan University of Nepal.
 - ▶ To list out educational implications for improvement in the institutions of higher education in Nepal with reference to TU.
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Research Questions

- ▶ What are the policy formulations and shifts regarding financing higher education in the documents of the state mechanisms especially the development plans and education commissions of Nepal?
 - ▶ What are the policy shifts in financing higher education of Nepal, especially in the case of Tribhuvan University?
 - ▶ What should be the future policy and its strong implication mechanism for TU?
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Conceptual framework



Theoretical considerations/concerns

▶ System theory

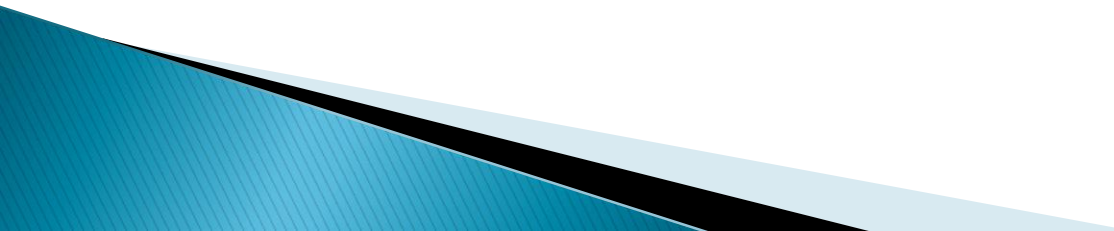
- Any system consists of two or more units that relate to each other in a structural relationship and form an entity whose elements are functionally interdependent.
- Changes in some parts obviously affect other parts.
- Developing a system that incorporates the needs, demands and resources of all interdependent entities. This is where my concentration is. The regulatory bodies, the executive institutions and the consumer society should be attached in a system that agrees with the existence and need of one another for the quality enhancement of higher education in Nepal.

▶ **Dependency theory**

- Domination of elite of the core nations over the elite of dependent nations.
- Our dependency is visible in our courses, academic systems,
- TU dependent on government agencies such as MoF and MoE for its recurrent expenditures
- TU's dependency on political appointments in its key positions and that is most often delayed hampering the whole academic system
- Very little fund for development budget from GoN, and has to wait for funding agencies to allocate loans and award grants.

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▶ **Conflict theory**

- Ritzer (2000) claimed structural functionalism is accused of such things as being politically being conservative, unable to deal with social change because of its focus on static structure and incapable of adequately analyzing social conflict.
 - TU unable to deal with social change because of its static structure.
 - Frequent strikes, protests, students' power movements, affecting academic environments.
 - Most of them relate to financial aspect of TU.
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Methodology

- ▶ **Research design:** The purpose of the study is to scan and analyze the policy documents and see the trend of financing as well. So the design of the study is descriptive and analytical being very much close to qualitative research design.
- ▶ **Sources of data:** Both primary and secondary sources used.
 - the recordings, documents of government agencies, endorsements in international covenants, conventions were thoroughly skimmed and only the information relevant to HE were selected.
 - interviews were taken to the people belonging to gov. agencies, UGC, TU, and funding agencies.

▶ **Tools for data collection:**

– *depth review of policy documents*

– *key informant interview*

– *Trend analysis*

- ▶ **Collection, presentation and interpretation of the data**
 - Identification of relevant documents visiting the concerned sectors.
 - Scanning and skimming of the documents
 - Consultation with the persons and clarification of the purpose, fixing time for interview
 - Interview conducted in the informant's respective work places.
 - The data were presented in figures, tables and comparative interpretations were made.
 - Interpretations were made in terms of policy gaps or continuation in the reports and policy documents as well.
 - The analysis also is close to what Miles and Huberman (1994) term an Interactive Model. (*p. 20 in my thesis*)

▶ **Data authentication: validity and reliability**


Winter, (2000, cited in Cohen, et al, 2010, p. 133) claims that in qualitative data, validity might be addressed through the honesty, depth, richness and scope of the data achieved, the participants approached, the extent of triangulation and the disinterestedness or objectivity of the researcher.

I also agree with what they claim that in qualitative data the subjectivity of respondents, their opinions, attitudes and perspectives together contribute to a degree of bias.


. In order to minimize the possibility of biasness and more imposition of subjectivity, I have tried my best to put the words that I obtained from the interview with the people who were and are directly and indirectly involved in the policy decision, and execution in various sectors of higher education in Nepal.

- ▶ I had visited the interviewees and interacted with them in their respective work places so that I still hope they have provided me the information professionally and naturally.
- ▶ In the similar way, while collecting the interactive ideas about financing higher education in Nepal, I myself participated in person (participatory observation) in a policy making national discussion organized by UGC on 14th August, 2013 in Kathmandu that further made me confident to claim that the data I have used and interpretation I have made is authentic.
- ▶ Moreover, the data I obtained from one source have been validated through interview since I took the interview with the people in relation to the information I needed and that I had recorded theoretically before.
- ▶ The documents I consulted are from the authorized bodies and at the same time the people I interviewed are also the authorized persons. In this research, I have used my inference less than the description of the information obtained from the sources.

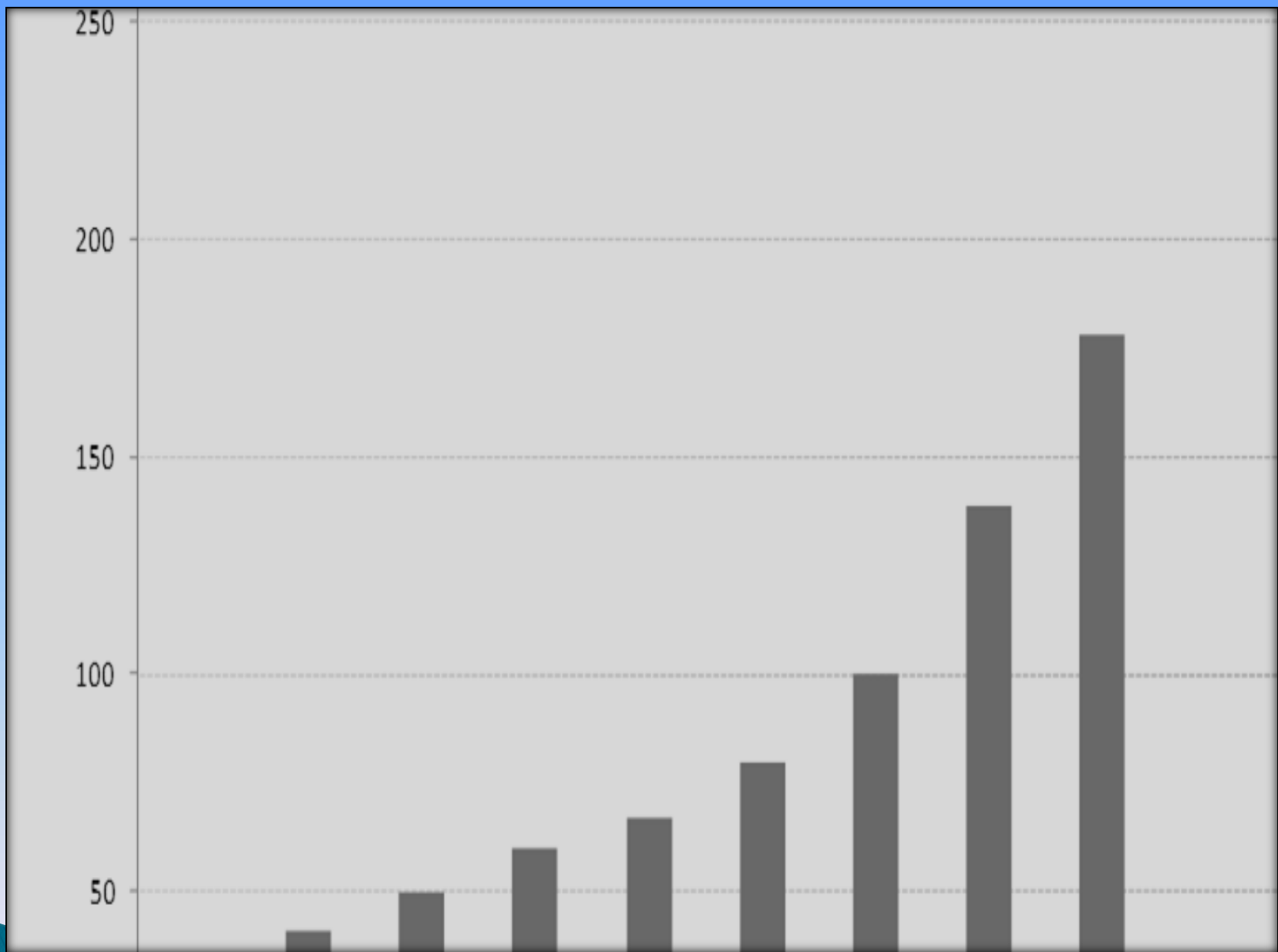
▶ **Ethical consideration:**

- ▶ I didn't give any 'harm, mental stress or danger to the informants (Best & Kahn, 1999, p.46) during the data collection and interpretation as well.
 - ▶ In order to conduct the interview with the interviewees, I consulted most of them in person beforehand. I informed them about my purpose and the methodology and convinced them and set the time that was suitable for them. For some others I had to contact through the email and only after their consent, I met them and interacted with them
 - ▶ I asked them if I could record the information in audio or video, most of them didn't enjoy such method and suggested me to record in my notebook.
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Delimitations

- ▶ The systematic development of higher education around the world took place following the establishment of UNO. So I have concentrated on the policies and documents since 1950 or after the establishment of democracy in Nepal.
 - ▶ Financial policies and practices of the past have been obtained from the reports of development plans and reports of education commissions of various time periods.
 - ▶ The financial aspect of TU since 2000 to 2012 AD has been analyzed.
 - ▶ The ideas regarding financing policies have been obtained through an interview with the stakeholders of higher education as mentioned in key informant interview that includes only persons from MoE, UGC, TU, WB, etc.
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Trend of enrollment form 1970 to 2010






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- ▶ The National Education System Plan (NESP, 1971-76) laid the foundation to initiate modern education system in Nepal. Higher education shifted from highly general to technical mode and community participation in promotion of it was further enhanced.
 - ▶ Before 1971, the government had taken the full responsibility of financing higher education but after NESP, various modalities of financing were sought and financing policies changed from total government funding to community contribution, student contribution, voluntary donation and so on.
 - ▶ In the decade of 1980s, higher education in Nepal was chronically underfunded.
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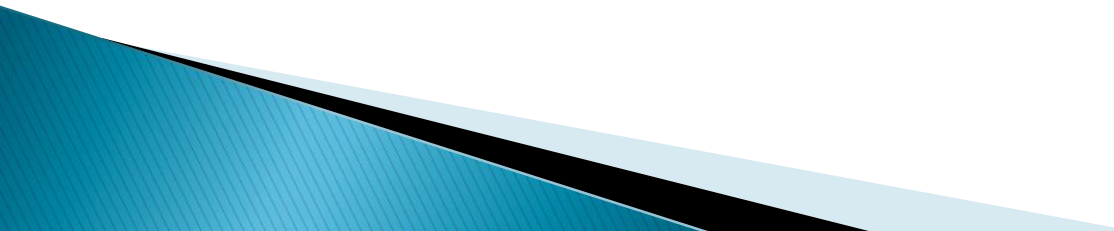
- ▶ It was found that almost all the reports of education commissions and committees expressed dissatisfaction on the availability of the funds for quality improvements for higher education.
 - ▶ I found that there has been a diversification in the funding sources. There is overall trend of shifting the cost burden to students and reduction in the public subsidies seeking greater contribution from families. (against Marxists believing free public education)
 - ▶ There has been an expansion of the student financial support systems; provision of student loans has been declared in the government documents but the implementation phase of it seemed to be fragile.
 - ▶ Financial resource constraints remained the same whatever policies were developed and tried to be implemented in regard to financial sustainability of HEIs, especially the Tribhuvan University
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- ▶ Donor contribution and foreign loans constituted the main source of development funds and the innovation projects in the area of higher education. The government grants were hardly sufficient enough for regular or current expenditures.
- ▶ Initially the governments were hesitant to open the door to the market for higher education, but later they provided freedom to institutions to engage in activities that would not necessitate additional resource allocations from the public treasury.
- ▶ Higher education and the subsequent needs of it are vaguely defined and realized in all the periodic development plans. The government adopted the policy of providing institutional autonomy in terms of financing, administration and resource allocation which shows that the higher education policy shifted from **state-control to state supervision model.**

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- ▶ The main problems in financing higher education in Nepal are: over politicization, lack of strong financial management and tracking, **diminishing state funding** and low level of institutional accountability.
- ▶ Government inflicting to TU for cost reduction began at the time there was huge and rapid expansion in the enrollment of students in higher education. A strikingly terrible financial crisis emerged as the students didn't agree to pay high fees on one hand and the government did reduce the grants on the other.
- ▶ Gradually, cost reduction shifted into cost recovery which further pressurized the university to manage its own resources for spending on areas other than the salaries for teaching and non-teaching staff.

- ▶ The overall scenario shows that the financing policies moved from total government funding to cost reduction, which shifted later to cost recovery, cost sharing and finally the government is planning for performance-based funding
 - ▶ UGC (2014) wrote that in the past five years, the enrollment in HE soared by 100% but the budget allocation remained just 1.3% of the total budget
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The decades	Trends
1950s	<ul style="list-style-type: none">- to make higher education accessible on the basis of merit- qualities and qualifications defined
1960s	<ul style="list-style-type: none">- higher education forced to confront new realities such as expansion, differentiation, and knowledge revolution- quality issues
1970s	<ul style="list-style-type: none">- college population increased to five times the size in 1951 \- the government and donor agencies attempted to settle the environment- quality issues due to huge enrollment emerged again

1980s

- higher education was assigned relatively low priority
- comment on HE as 'higher education magnifies income inequality
- HEIs in developing countries were chronically underfunded
- private institutions encouraged

1990s

- growth of technical higher education
- policy to relocate the HEIs in remote places
- attempts to reduce the disparity between areas(rural vs. urban)
- substantial growth in women enrollment in higher education

2000s

- new funding sources searched
- donor agencies prioritized higher education again.
- Cost sharing by the beneficiaries and communities

Policy shifts in financing HE

Total government funding (before NESP)



Cost reduction (After NESP, 70s & 80s)



Cost recovery (after NEC, 1992)



Cost sharing (2000s)

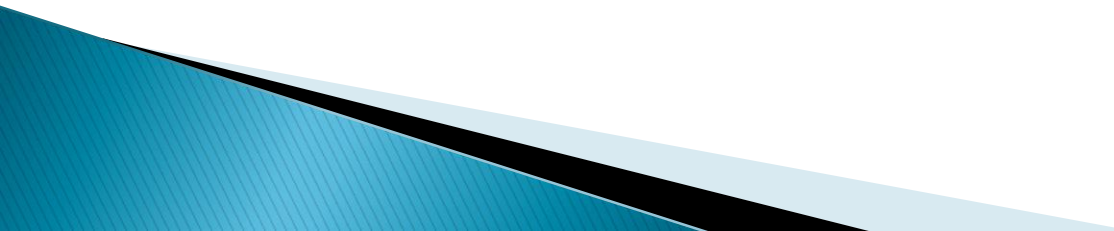


Performance-based funding

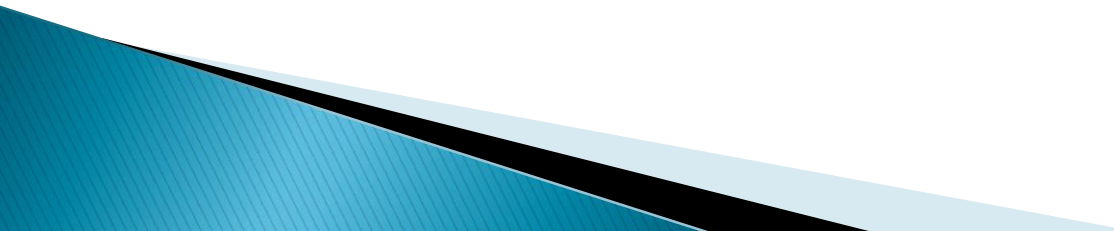
Issues/ Curiosities

- ▶ How much of the total cost for public higher education should the government fund?
- ▶ How do underfinanced institutions assure quality?
- ▶ What should be the share of the service seekers (students/parents)?
- ▶ What must be priorities for funding?
- ▶ Who is responsible for implementing the policies formed?
- ▶ What other alternatives are possible for TU to generate its own funds or revenues?
- ▶ What are the more scientific and more practical criteria for the assessment of the performance of students/institutions?

Policy ahead

- ▶ Till now, there is no any comprehensive policy framework for the management and operation of higher education in Nepal. Financing matters are very much unclear. Many commissions and committees for higher education reform were formed, they presented their reports and some of the provisions and recommendations of those bodies were implemented but none of them made a clear vision or drew the framework to operate, control, monitor the growth and expansion of higher education.
 - ▶ I can say that higher education in Nepal largely passed through an unplanned history.
 - ▶ To make planned and systematic growth of higher education in Nepal, there must be policy guidelines for:
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- ▶ Financing for the up gradation of infrastructure
 - ▶ Financing for curricular changes to meet the need of human capital for the country
 - ▶ More reliable financial resource allocation and its transparent mobilization
 - ▶ Increased faculty grants for professional development
 - ▶ Funds for reform in the system of the administration and governance
 - ▶ Adoption and adjustment of the information technology to ascertain its quality.
 - ▶ Restructure HE system and form long-term policy for investment in human capital and knowledge economy.
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▶ Recommendations

- Form strong and comprehensive financing policy for HE. Carry out further research on this area.
- Enable the institutions for designing market model of financing. Make them sell the consultation services. Research for developing those criteria.
- Make wider consultation with the stakeholders on what could be done for the sustainability of the HEIs.
- Develop more scientific criteria for the measurement of performance of HEIs.